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Turkmenistan

Cotton and Products

Annual

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Report Highlights:

Turkmenistan seems to be headed for its second disastrous cotton crop in two years. Extremely poor weather conditions have resulted in re-planting 2 - 3 times. Exports decreased to 55 TMT in MY 2002 and could be even lower this year.

Includes PSD changes: Yes
Includes Trade Matrix: No
Annual Report
Ankara [TU1], TX

Executive Summary [1](#)
Production [1](#)
Consumption [2](#)
Trade [2](#)
Stocks [2](#)
Policy [2](#)
Marketing [2](#)

Executive Summary

Turkmenistan appears to be headed for its second disastrous cotton harvest in a row. Extremely poor weather has forced farmers to replant two - three times. Lower-than-average temperatures have delayed crop development for at least 3 - 4 weeks. It is still fairly early in the season; however, unless the weather improves and remains good throughout the harvest, cotton production could reach only 135 TMT of lint and 400 TMT of seed cotton. Tight government controls also inhibit cotton production with state procurement prices set artificially low. Turkmenistan has been promoting greater consumption of cotton domestically and many Turkish companies have been investing in textile mills. Exports are expected to drop even further from the 55 TMT in MY 2002.

Production

For the second year in a row, poor weather has plagued the Turkmenistan's cotton crop. Unusually heavy rainfall throughout the planting season has caused extensive either root rot and poor germination. As a result, the majority of the crop has be re-sown two to three times. Turkmenistan experienced rain practically each day during the first week of June and temperatures were far below normal. Normally, temperatures reach over 100 degrees in June, however, temperatures were as low as 50 degrees during the during this period.

Turkmenistan's cotton production has steadily decreased during the past decade; however, climatic conditions during the past two years have taken an unusually high toll on the state-subsidized cotton industry. Last year, production of lint dropped to 150 TMT. This year, according to several traders, the crop could be as low as 135 TMT. Seed cotton production in 2002 was approximately 450 TMT and this year could be as low as 400 TMT. According to one western trader, area planted may be 25 TMT less than the previous year when it reached 530 Thousand Hectares (THA). At the same time, however, only 500 THA was harvested in 2002. In 2002, yields averaged only 15 tons per hectare. In the past, yields reached between 30 and 40 tons per hectare.

About 80% of all cotton is harvested by hand in Turkmenistan. A recent presidential decree permitted the import of 1.2 TMT of defoliants which may be an indication that the government is will support greater use of mechanized harvesting. The government recently purchased 100 five-row cotton harvesters from John Deere and previously purchased another 105 cotton harvesters from CASE. However, difficult conditions -- extremely high temperatures rough terrain, and poor maintenance will somewhat limited the potential benefits of machine utilization.

Moreover, a lack of quality seeds, research and assistance to farmers also contributes to cotton's problems. In addition, the decision when to plant rests solely on the office of the President whose decision is based on a set schedule rather than prevailing weather conditions. As a result, critical inputs are wasted. Finally, it appears that very little research is being conducted to develop new varieties or to improve plant protection capabilities. A World Bank program to support better use of pesticides and herbicides as well as integrated pest management was stopped prior to implementation. In addition, financial support for state-run research institutions has been slashed.

Finally, area under cotton production continues to decrease as more area is dedicated to wheat production. The government has pursued a policy of self sufficiency in wheat at the expense of cotton despite the availability of low-cost wheat in neighboring Kazakhstan.

Consumption

The government of Turkmenistan has tried to expand its textile industry in order to add greater value to cotton. In part because during the Soviet period, all production was either exported for hard currency or sent to Russian mills. Today, Turkey used approximately 65 - 100 TMT domestically depending on the source of the information. Government officials normally cite a higher utilization while western traders believe it is as low as 65 TMT a year. Many Turkish firms have invested in mills in Central Asia including Turkmenistan. The government would like to construct mini-mills in each province in Turkmenistan order to create more employment.

Trade

During the Soviet period, Turkmenistan's cotton was exported to Russian mills as well as south Asia. Today western trading companies contract with the government for the ability to purchase cotton for exports. In the past these contracts were signed during the sowing season. However, because of the huge drop in cotton production the last two years, these contracts have been delayed till after the harvest. Turkmenistan's cotton is medium to long staple. Textile manufacturers in South Asia have been the major buyers of Turkmen cotton. However, exports dropped to 55 TMT in MY 2002 and should remain at that level this year. As a result, Turkmenistan has lost a valuable exportable commodity and one of the few generators of hard currency outside of oil and gas.

Stocks

Turkmenistan does not publish any trade or production data. Production, trade and stock data are considered highly sensitive. However, according to trade sources, Turkmenistan keeps maintains approximately 80 TMT of cotton in stocks.

Policy

The President has set a production goal of 2 MMT of seed cotton the past two years however, these goals have never been met. Turkmenistan has been experimenting with a variety of bio-engineered cotton since the late 1990s. However, none of this cotton is grown commercially.

Marketing

The government controls all aspects of the cotton industry in Turkmenistan. Little has been done to develop a marketing strategy for either cotton or cotton textiles. Many of the textile mills in Turkmenistan produce products under licensing agreements.

Cotton PS&D

PSD Table						
Country	Turkmenistan					
Commodity	Cotton				(HECTARES)(MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		08/2001		08/2002		08/2003
Area Planted	0	540000	0	530000	0	500000
Area Harvested	515000	515000	500000	490000	0	480000
Beginning Stocks	96671	70000	102114	70000	78164	85000
Production	185068	185000	144788	150000	0	135000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	281739	255000	246902	220000	78164	220000
Exports	97977	115000	87091	55000	0	55000
USE Dom. Consumption	81647	70000	81647	80000	0	80000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	81647	70000	81647	80000	0	80000
Ending Stocks	102114	70000	78164	85000	0	85000
TOTAL DISTRIBUTION	281738	255000	246902	220000	0	220000